

Administrative Memo

Date: May 11, 2016
To: School Administrators
From: Ron Lankford, Deputy Commissioner
Subject: FAS-16-005 - State Adequacy Target (SAT) and Threshold Recalculations

On May 5, 2016, the Missouri General Assembly voted to override Governor Nixon's veto of Senate Bill (SB) 586. This bill has an emergency clause and will become effective on July 1, 2016. This legislation restored the five percent (5%) cap on growth per the recalculation of the State Adequacy Target (SAT) that was removed by the General Assembly in 2009.

Based on the bill language, the SAT calculated for FY17 and FY18 is now \$6,241. While the SAT is calculated at this level, full funding of the foundation formula is not projected for FY17 and, therefore, the SAT will remain at an adjusted level through the calculation process. In order to comply with SB586, it was necessary to also recalculate the thresholds. The changes in the threshold levels are the result of a change to the schools within the Performance School aggregate that fall within the top and bottom five percent (5%) that are excluded from the calculation as compared to prior calculations. The revised data that will be used in the distribution of formula funds in FY17 and FY18 are as follows:

State Adequacy Target	\$6,241
Free and Reduced Lunch (FRL)	36.12%
Special Education (IEP)	12.16%
Limited English Speaking (LEP)	1.94%

It is advisable that districts review the impact of lowering the threshold percentages and determine if it might be in the district's best interest to be paid on an estimated average daily attendance (ADA) in FY17. While it is still too early to enter an estimated ADA, it may be beneficial to analyze data now and initiate communications with your School Finance Consultant with questions you may have. The department is currently working on a tool to assist districts when analyzing the possibility of estimating an ADA and will forward this tool to districts when it is complete.

Questions regarding the SAT and threshold recalculations and estimating an ADA for FY17 should be directed to the School Finance Section, 573-751-0357.